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February 6, 2004

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **Notice of Ex Parte Presentation** — Average Schedule Simplification, WC
Docket No. 01-174

Dear Ms. Dortch:

On Thursday, February 05, 2004, Ken Levy, Rick Askoff, and Judith Harris of Reed Smith, LLP met with Carol Matthey, Deputy Bureau Chief of the Wireline Competition Bureau (WCB) and Sharon Webber, Deputy Chief of the WCB Telecommunications Access Policy to discuss average schedule simplification.

In particular, NECA discussed procedural simplification of the average schedule approval process. The presentation is summarized in the attached handout.

In accordance with the Commission's rules, a copy of this Notice has been filed electronically in the above referenced docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin Sandy", with a stylized flourish at the end.

Colin Sandy

cc: Carol Matthey, WCB
Sharon Webber, TAPD
Qualex International

Average Schedule Simplification

❖ Background

- Two Annual Filings:
 - December 31 access formulas
 - October 1 USF (HCL & LSS) formulas
 - Extensive documentation, data, exhibits, supplied with each.
- Four annual review proceedings:
 - (1) Pricing Policy Division issues order on access formulas in June
 - (2) NECA includes revenue requirements in annual tariff filing.
 - (3) TAPD issues order on HCL & LSS formulas in December
 - (4) USAC includes revenue requirements in next quarterly filing.
- Access Formulas approval process has become routine.
 - Overall year-to-year access formula changes range from -5.6% to +4.0%
 - Minimal participation by commenters
- USF Formulas approval process, formerly contentious, is now routine.
 - But Applications for Review and/or PFR's still pending on 2000, 2001, 2002 and 2003 formulas.

❖ Procedural Status

- **2000 Biennial Review:** January 17, 2001 FCC *Report* accepted staff recommendations to consider average schedule simplification.
- **2001 Notice of Proposed Rulemaking** issued in CC Docket No. 01-174 sought comment on simplifying the average schedule process, including various options to streamline the manner in which average schedule formulas are developed by NECA, and options to streamline review and approval cycles (*e.g.* 7 or 15-day review).
- **2002 Biennial Review:** December 2002 *Staff Report* recommended that the FCC consider simplification.

❖ Proposed Simplification Approach:

- Focus on Procedural Simplification
 - Shorten notice periods.
 - Revise rules so that formulas are deemed approved on scheduled date unless FCC acts to investigate.
 - Encourage NECA to work cooperatively with FCC staff to reduce filing documentation levels.